



Tourism & Events Department
7506 E. Indian School Road
Scottsdale, AZ 85251
480.312.7177

**To: Linda Dillenbeck, Chairperson
Tourism Development Commission**

From: Steve Geiogamah, Tourism Development Manager

Date: January 15, 2019

Subject: Staff Report – Tourism Reports

Bed Tax Collection Report

This report provides a summary of monthly tax collections for the city's transient occupancy tax (bed tax), hotel/motel sales tax and sales tax on miscellaneous retail and restaurant as a percentage change from the same period in the previous year.

Highlights for Business Activity in November 2018

November YTD tax collections and hotel/resort classification report is not yet available and will be presented at the January meeting.

Tourism Program Special Revenue (Bed Tax) Proforma

The Tourism Program Proforma provides revenue and expenditures for the current and prior fiscal years as well as the adopted budget.

Highlights as of December 31, 2018

Proforma includes updated event expenditures.

Smith Travel Report

The City of Scottsdale contracts annually with Smith Travel Research (STR) to track hotel data (average room rate, occupancy, etc.) in the Scottsdale/Paradise Valley Market Area and its competing destinations.

Highlights for November 2018

Scottsdale Trend Report (59 properties)

Over the past 12 months occupancy (70%) was up (3.0%), average daily rate (\$200.42) was up (2.6%) and Rev Par (\$140.22) was up (5.7%) when compared to the same period last year.

Segment Trend Report (Transient, Group, Contract (37 properties report)

Over the past 12 months transient occupancy (40.5%) was up (3.3%) average daily rate (\$198.76) was up (3.4%) and rev par (\$80.58) was up (6.8%) when compared to the same period last year. Group occupancy (28.1%) was up (1.6%), average daily rate (\$208.71) was up (2.3%) and rev par (\$58.65) was up (3.9) when compared to the same period last year.

Regional Reports

Trend Scottsdale Downtown (17 properties report)

Over the past 12 months occupancy (74.7%) was up (5.5%) average daily rate (\$156.76) was flat (0.9%) and Rev Par (\$117.13) was up (6.4%) when compared to the same period last year.

Trend Scottsdale Middle (31 properties report)

Over the past 12 months occupancy (68.3%) was up (3.8%) average daily rate (\$197.42) was up (2.4%) and Rev Par (\$133.82) was up (6.3%) when compared to the same period last year.

Trend Scottsdale North (11 properties report)

Over the past 12 months occupancy (69.1%) was down (-1.1%) average daily rate (\$245.78) was up (5.7%) and Rev Par (\$169.79) was up (4.5%) when compared to the same period last year.

Hotel Performance Indicator Definitions

Occupancy is calculated by rooms sold divided by rooms available multiplied by 100.

Average Daily Rate is calculated by taking room revenue divided by rooms sold.

Rev Par is calculated by dividing room revenue by rooms available.

SOURCE: STR, INC. REPUBLICATION OR OTHER RE-USE OF THIS DATA WITHOUT THE EXPRESS WRITTEN PERMISSION OF STR IS STRICTLY PROHIBITED.

Program Updates

Program updates will be provided at the January meeting.

City of Scottsdale
Tourism Development Fund
December 2018

	FY 2018/19 Adopted	FY 2018/19 Estimate	FY 2019/20 Estimate	FY 2020/21 Estimate	FY 2021/22 Estimate	FY 2022/23 Estimate
REVENUE						
Bed Tax	20,413,217	20,413,217	21,025,600	21,656,400	22,306,100	22,306,000
Princess Lease	1,910,000	1,910,000	1,914,800	1,914,800	1,914,800	1,914,800
Event Notification and Survey Program	13,500	8,000	13,500	13,500	13,500	13,500
Miscellaneous	7,000	-	7,000	7,000	7,000	7,000
TOURISM REVENUES	22,343,717	22,331,217	22,960,900	23,591,700	24,241,400	24,241,300
EXPENSES						
Destination Marketing (50% of bed tax revenue)	(10,206,609)	(10,206,609)	(10,512,800)	(10,828,200)	(11,153,000)	(11,153,000)
General Fund Allocation	(2,449,586)	(2,449,586)	(2,523,100)	(2,598,800)	(2,676,700)	(2,676,700)
Event Retention and Development						
<i>Event Retention and Development Undesignated, Uncommitted</i>	(997,130.50)	(541,381.50)	(725,567.00)	(1,037,873.50)	(1,089,000.50)	(1,160,836.50)
Multi-Year Event Funding Agreements						
Parada del Sol Parade (Council approved 07/05/17) Year 2 of a 5 year agreement	(79,400)	(79,400)	(79,400)	(79,400)	(79,400)	-
Fiesta Bowl (20 yr agreement since 2006) Year 13 of 20 year agreement	(168,109)	(168,109)	(174,833)	(181,827)	(189,100)	(196,664)
Scottsdale International Film Festival (Council approved 07/05/17) Year 2 of a 3 year agreement	(37,500)	(37,500)	(37,500)	-	-	-
NCHA Cutting Horse Event (Council approved 03/07/17) Balance of the 2 year agreement	-	(9,267)	-	-	-	-
The Scottsdale Gallery Association (Council approved 08/29/17) Year 2 of a 3 year agreement	(75,000)	(75,000)	(75,000)	-	-	-
Parada del Sol Rodeo (Council approved 11/28/17) Year 2 of 3 year agreement	(75,000)	(75,000)	(75,000)	-	-	-
Scottsdale Culinary Event (Council approved 01/08/18) Year 2 of 3 year agreement	(75,000)	(75,000)	(75,000)	-	-	-
Total Multi Year Event Funding Agreements	(510,009)	(519,276)	(516,733)	(261,227)	(268,500)	(196,664)
One Year Event Funding Agreements						
International Off Road Expo (Council approved 11/13/17, Council approved 08/29/18)	-	(54,000)	-	-	-	-
Fahrenheit Festival (Council approved 03/20/18)	-	(75,000)	-	-	-	-
Cinco de Mario (Council approved 03/20/18)	-	(70,000)	-	-	-	-
Día de los Muertos (pending Council approval on 09/25/18)	-	(65,000)	-	-	-	-
City Baseball/Softball outfield fencing (Council approved 08/28/18)	-	(17,482)	-	-	-	-
Food & Wine Event (Council approved on 9/25/18)	-	(75,000)	-	-	-	-
ArtFest (Council approved on 11/13/18)	-	(15,000)	-	-	-	-
Off-Road Expo Event (Council approved 01/08/19)	-	(75,000)	-	-	-	-
<i>One Year Event Funding Agreements - Estimated Undesignated</i>	-	-	(320,000)	(320,000)	(320,000)	(320,000)
Total One Year Event Funding Agreements	-	(446,482)	(320,000)	(320,000)	(320,000)	(320,000)
Event Funding Programs						
Matching Event Advertising Funding Program	(110,000)	(87,500)	(110,000)	(110,000)	(110,000)	(110,000)
Event Venue Fee Program	(20,000)	(30,500)	(20,000)	(20,000)	(20,000)	(20,000)
Community Events Program	(200,000)	(212,000)	(200,000)	(200,000)	(200,000)	(200,000)
Total Event Programs	(330,000)	(330,000)	(330,000)	(330,000)	(330,000)	(330,000)
Total Events	(1,837,139)	(1,837,139)	(1,892,300)	(1,949,100)	(2,007,500)	(2,007,500)
Administrative/Other Professional Services						
Administrative Expenses	(726,529)	(726,529)	(751,000)	(776,200)	(802,300)	(802,300)
Tourism Research	(90,000)	(90,000)	(90,000)	(90,000)	(90,000)	(90,000)
Total Admin/Other	(816,529)	(816,529)	(841,000)	(866,200)	(892,300)	(892,300)
Multi-year Commitments for Capital Projects						
WestWorld debt service (80-acres started FY 2006/07, ends FY 2034/35)	(600,000)	(600,000)	(600,000)	(600,000)	(600,000)	(600,000)
TNEC Equestrian Center debt service (started FY 2012/13, ends FY 2032/33)	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)
Museum of the West debt service (started FY 2014/15, ends FY 2033/34)	(892,963)	(892,963)	(889,200)	(889,500)	(893,900)	(891,900)
TPC renovations debt service (started FY 2014/15, ends FY 2033/34)	(900,000)	(900,000)	(900,000)	(900,000)	(900,000)	(900,000)
Total Capital Projects	(3,592,963)	(3,592,963)	(3,589,200)	(3,589,500)	(3,593,900)	(3,591,900)
TOTAL EXPENSES	(18,902,826)	(18,902,826)	(19,358,400)	(19,831,800)	(20,323,400)	(20,321,400)
CARRYOVER						
Beginning Balance	8,362,533	8,362,533	7,838,594	8,264,694	8,820,294	9,506,994
Current year fund balance - <i>available for capital projects (up to \$600,000 per project)</i>	3,440,891	3,428,392	3,602,500	3,759,900	3,918,000	3,919,900
TOTAL CARRYOVER FUNDS	11,803,424	11,790,925	11,441,094	12,024,594	12,738,294	13,426,894
Carryover Uses						
Trolley Expenses - transfer our to the Transportation Fund	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)
Event Notification and Survey Program, Banner Program	(20,347)	(20,347)	(20,300)	(20,300)	(20,300)	(20,300)
Museum of the West donation match (match was reinstated in FY 2018/19 to be an ongoing expense)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)
Museum of the West one-time advertising funds	(200,000)	(200,000)	-	-	-	-
Promotion of downtown	(1,500,000)	(1,500,000)	(1,529,100)	(1,555,200)	(1,580,500)	(1,607,100)
Electrical outlets downtown	(288,483)	(288,483)	-	-	-	-
WestWorld marketing fee - transfer out to General Fund	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Sky Harbor Connections Program (Council approved \$0.3 million, but only used \$159K 05/12/18)	-	(159,249)	-	-	-	-
Canal Convergence (Council approved 06/27/17 \$650K - Council approved 04/10/18 \$240K)	(750,000)	(750,000)	(750,000)	(750,000)	(750,000)	(750,000)
Operational rentals for special events	(75,000)	(75,000)	(77,000)	(78,800)	(80,500)	(82,300)
Undesignated, unassigned carryover (will be removed from the budget in FY 2019/20)	(331,000)	-	-	-	-	-
TOTAL CARRYOVER USES	(3,964,830)	(3,793,079)	(3,176,400)	(3,204,300)	(3,231,300)	(3,259,700)
ENDING BALANCE	7,838,594	7,997,846	8,264,694	8,820,294	9,506,994	10,167,194

	FY 2018/19	
	Estimate	Committed YTD
Event Funding Programs		
Matching Event Advertising Funding Program	(110,000)	(65,000)
Event Venue Fee Program	(20,000)	(23,500)
Community Events Program	(200,000)	(5,000)
Total	(330,000)	(283,500)
		(46,500)



Event Directional Banner Request

FY18-19

When submitting an application to display horizontal or vertical directional street banners, certain requirements will need to be satisfied by the applicant. These requirements are as follows:

- Qualified events must:
 - ✓ Meet Tier 1 funding criteria as outlined in the City's Matching Event Advertising Fund program criteria, be a city-supported event under the City's Community Event Funding Program or be held in a city owned, operated or controlled venue and meet one of these funding criteria
- Please contact the Tourism & Events Department to check on availability of banner locations before completing the application. We can be reached at 480-312-7177.
- Applications are reviewed in the order that they are received. If event dates coincide, efforts will be made to place banners for multiple qualified events.
- Banner applications can be submitted no sooner than twelve (12) months prior to the date of the event and must be submitted a minimum of 60 days prior to the event.
- Banners are allowed for qualified events, subject to city regulatory requirements. The banner must contain the event title, date, and location. Logos shall be limited to twenty (20) percent of the total banner.
Approval of banner mock up is required prior to installation.
- The cost of the production, installation, and removal of a banner will be paid by the event producer.
- The maximum period horizontal or vertical banners can be displayed is thirty (30) consecutive days.
- The following are the required banner specifications:

Vertical Light Pole Banners 30"w x 96"h
Horizontal Banner (Across Street) 360"w x 32"h
Banner Sleeves 3/4 inch diameter
Banners are 2-sided

- Questions and Applications should be submitted to:
City of Scottsdale Tourism & Events Department
Attention: Holli Shannon HShannon@Scottsdaleaz.gov
480-312-7177

Event Directional Banner Request

APPLICATION		
Date of Application		
Name of Applicant		
Business Address		
City	State	Zip
Phone	Email	Website
EVENT INFORMATION		
Event Name		
Event Dates	Event Location/Address	
Banner Verbiage/Title		
<p>Has this event displayed street banners in Scottsdale in the past?</p> <p>_____ YES _____ NO</p>		
<p>How does your event qualify? Please select one:</p> <p>_____ Meets Tier 1 funding criteria</p> <p>_____ City supported under the City's Community Event Funding Program</p> <p>_____ Held in a city owned, operated or controlled venue and meets one of the above funding criteria</p>		
<p>Please provide a detailed narrative to describe the type of event and the name of all organizations involved.</p> <div style="border: 1px solid black; height: 200px; margin-top: 10px;"></div>		

PROPOSED LOCATION AND DISPLAY DATES

Banners are typically installed and removed on the weekend. Banner may be displayed for longer than requested. Banners may not be displayed for more than 30 consecutive days.

Please select all locations that you are requesting and your proposed display dates.

Horizontal Banners (2)

____ Scottsdale Rd. at Rancho Vista Drive (1)

____ Scottsdale Rd. at Earll Drive (1)

Proposed Display Dates

Vertical Banners (163)

____ Frank Lloyd Wright Blvd. (47)

From Scottsdale Rd. to the west side of the west frontage road Loop 101

____ Downtown Couplets (116)

Goldwater North of Highland (13), Goldwater from Osborn to Camelback (46) Drinkwater from Stetson to Earll Drive (57)

Proposed Display Dates

INDEMNIFICATION

By submitting this application, or providing a banner to be placed, you and the event producer agree to the following on behalf of the event producer (and you warrant your authority to bind the event producer to these things and the rest of this application): The event producer and its successors, assigns and guarantors shall defend, indemnify and hold harmless the City of Scottsdale, its agents, representatives, officers, directors, officials and employees from and against all allegations, demands, proceedings, suits, actions, claims, damages, losses, expenses, including but not limited to, attorney fees, court costs, and the cost of appellate proceedings, and all claim adjusting and handling expenses, related to, arising from or out of the banner and its installation, use and removal, including without limitation any such matters resulting from the negligent or willful actions, acts, errors, mistakes or omissions caused in whole or part by the City of Scottsdale.

Applicant Initials: _____

SUBMISSION INFO

I authorize the verification of the information provided on this form.

Signature of applicant:

Date:

Warehouse address for drop-off and pick-up:

City of Scottsdale-Warehouse

9191 E San Salvador Dr.

Scottsdale, AZ 85258

Attention: Griff Hepner

480-312-4315

Banners should be picked up no later than 2 weeks after the conclusion of the event.

Banners not picked up in the specified time period could be disposed of.

Approval of banner mock up is required prior to installation.

January 4, 2019

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Dear Tourism Development Commission Members and Staff:

Our contract with the City of Scottsdale to plan a long-desired desert education and research center at the Gateway to the McDowell Sonoran Preserve has ended. After a campaign in which the project was misrepresented, a voter-approved amendment to the Scottsdale City Charter has diminished the chances for the Desert EDGE education and research center to be built in the Preserve.

We are so grateful for your interest, support and advocacy during the Desert EDGE planning process. Your significant investment with bed-tax funding showed your deep commitment to the kind of projects that have made Scottsdale a visionary City throughout its history. With your help we have raised awareness about our unique desert environment. We have helped prepare the next generation for environmental stewardship by conducting teachers' workshops. We have also brought together a host of like-minded partners in conservation who agree that there are significant opportunities, through scientific research, to learn from the living laboratory of the Sonoran Desert. Those partnerships will serve the City well in the future in a variety of endeavors.

The board of directors of Desert Discovery Center Scottsdale – focused on fulfilling the Preserve founders' vision of a nature education center –unanimously voted to dissolve as a not-for-profit entity effective December 31, 2018. To a person, however, we remain committed to supporting education, outreach, and research on the Sonoran Desert environment, the urban-desert interface, climate change, and global drylands. Most of us on the DDCS board have been involved in establishing, advocating for and leading Scottsdale's McDowell Sonoran Preserve effort since its inception in the early 1990s, and we will continue to be involved as the Preserve evolves with input from new generations of Scottsdale residents, businesses, educators and visitors. We also enthusiastically support the goals and visions of Arizona State University and Scottsdale Community College pertaining to regional and worldwide desert environments and sustainability research and programs.

Thank you for sharing your counsel, enthusiasm and resources as we collaborated with countless individuals, organizations, government entities and educational institutions to envision and develop the Desert EDGE concept of a desert education and research center.

Most sincerely,

Board of Directors

Christine Kovach, Chairman